

**FINANCIAL REPORT**  
**LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY**  
**December 31, 2003**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Littlefield-Alanson Management Authority</b>	County <b>Emmet</b>
Audit Date <b>12/31/03</b>	Opinion Date <b>2/15/05</b>	Date Accountant Report Submitted to State: <b>9/1/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Hill, Schroderus &amp; Co., LLP</b>			
Street Address <b>923 Spring, St., PO Box 695</b>	City <b>Petoskey</b>	State <b>MI</b>	ZIP <b>49770</b>
Accountant Signature <i>Jay Kelane, CPA</i>		Date <b>8/23/05</b>	

**LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY**  
**FINANCIAL REPORT**  
**December 31, 2003**

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FINANCIAL SECTION



**Hill • Schroderus & Co., LLP**  
Certified Public Accountants & Consultants

February 15, 2005

Littlefield-Alanson Management  
Authority Board  
Alanson, Michigan

Independent Auditors' Report

We have audited the accompanying general purpose financial statements of the Littlefield-Alanson Management Authority, Alanson, Michigan as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Littlefield-Alanson Management Authority management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were not engaged as auditors of the Littlefield-Alanson Management Authority until the end of the fiscal year, and our engagement did not include the performance of procedures necessary to enable us to satisfy ourselves as to the account balances as of January 1, 2003.

In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we performed procedures on the January 1, 2003 account balances as explained above, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Littlefield-Alanson Management Authority, Alanson, Michigan as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Hill, Schroderus & Co.*

CERTIFIED PUBLIC ACCOUNTANTS  
Petoskey, Michigan

LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY  
BALANCE SHEET  
December 31, 2003

**Assets**

Cash	\$ 9,855
Due from other governmental units	<u>5,081</u>
Total assets	<u><u>\$ 14,936</u></u>

**Liabilities and Fund Equity**

Liabilities:	
Accounts payable	\$ 655
Fund balance:	
Unreserved:	
Undesignated	<u>14,281</u>
Total liabilities and fund equity	<u><u>\$ 14,936</u></u>

See accompanying notes to financial statements.

**LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**Year Ended December 31, 2003**

Revenues:

Local contributions:

Littlefield Township	\$ 8,500
Village of Alanson	8,500
Library	3,000
Fire Board	831
Rent	1,350
Interest	<u>17</u>
Total revenues	<u>22,198</u>

Expenditures:

Hall expense	1,007
Contracted services	829
Heat	2,492
Lights	4,869
Sewer	702
Garbage removal	888
Insurance	2,694
Landscaping	803
Maintenance and repairs	3,501
Office supplies	24
Miscellaneous	<u>217</u>
Total expenditures	<u>18,026</u>

Excess (deficiency) of revenues over expenditures	4,172
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Fund balance, beginning	<u>10,109</u>
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Fund balance, ending	<u><u>\$ 14,281</u></u>
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**LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**Year Ended December 31, 2003**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Local contributions:			
Littlefield Township	\$ 8,500	\$ 8,500	\$ -
Village of Alanson	8,500	8,500	-
Library	3,000	3,000	2
Fire Board	829	831	(390)
Rent	1,740	1,350	(23)
Interest	40	17	
	<u>22,609</u>	<u>22,198</u>	<u>(411)</u>
Total revenues			
Expenditures:			
Hall expense	45	1,007	(962)
Contracted services	1,600	829	771
Heat	2,524	2,492	32
Lights	5,139	4,869	270
Sewer	853	702	151
Garbage removal	925	888	37
Insurance	2,826	2,694	132
Landscaping	1,000	803	197
Maintenance and repairs	9,019	3,501	5,518
Office supplies	155	24	131
Miscellaneous	122	217	(95)
	<u>24,208</u>	<u>18,026</u>	<u>6,182</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(1,599)	4,172	5,771
Fund balance, beginning	<u>10,109</u>	<u>10,109</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,510</u>	<u>\$ 14,281</u>	<u>\$ 5,771</u>



**LITTLEFIELD-ALANSON MANAGEMENT AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2003**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Littlefield-Alanson Management Authority (LAMA) is organized and operates under the provisions of the Urban Cooperation Act of 1967 (MCLA 124.501 et. seq., M.S.A. 5.4088 et. seq.) The Authority is a body corporate under that statute having been organized pursuant to agreement of the Township of Littlefield, Emmet County, Michigan, and the Village of Alanson, Emmet County, Michigan, in accordance with the above cited enabling act. The Authority consists of two members, one appointed by each incorporating unit for an indefinite term. The broadly defined purpose of the Authority is to operate and maintain the joint Township and Village Hall and fire station located at 7631 Burr Avenue, Alanson, Michigan.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, the financial statements of the reporting entity may include component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

The financial statements of the Littlefield-Alanson Management Authority pertain to the financial activities of the Authority as a separate entity. The Authority is considered to be a component unit of Littlefield Township for financial statement purposes. The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

**A. Fund Accounting**

The accounts of the Authority are organized on the fund basis. The operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The one fund of the Authority is accounted for as a special revenue fund.

**GOVERNMENTAL FUND**

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**B. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The governmental fund of the Littlefield-Alanson Management Authority is accounted for using the modified accrual basis of accounting. Revenues are recorded in the accounting period in which they become available and measurable. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded in the accounting period in which the fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recorded when due.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### C. Budgets and Budgetary Accounting

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to January 1, the President submits to the Littlefield Township Council and the Village of Alanson Council a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at the joint Township and Village Hall to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted.
4. The budget for the Special Revenue Fund is adopted at the total fund level consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Authority Board during the year. All unexpended appropriations lapse at fiscal year end.

#### D. Financial Statement Estimates

The Authority uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

### NOTE 2: CASH

At December 31, 2003, the carrying amount of the Authority's deposits was \$9,855 and the bank balance was \$10,136. All of the bank balance was covered by federal depository insurance.

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Authority's deposits are in accordance with statutory authority.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

**NOTE 3: RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters.

The Authority belongs to the Michigan Township Participating Plan, a public entity risk pool currently operating as a common risk management and insurance program for various municipalities throughout the state. The Authority pays an annual premium for its general insurance coverage. The pool is self sustaining through member premiums and reinsures through commercial companies for 100% of its claims. Settled claims have not exceeded coverage in any of the past three fiscal years.